

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

DODE-00 PM-07 H-03 INR-11 L-03 NSAE-00 PA-04 PRS-01

USIA-15 DRC-01 /146 W

----- 021260

R 171556Z JUT74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 2197

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

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E.O. 11652: N/A

TAGS: PINT, UK

SUBJECT: GOVERNMENT BILLS MAULED IN PARLIAMENT

SUMMARY - THE GOVERNMENT YESTERDAY EXPERIENCED ITS WORST DAY YET IN THE HOUSE OF COMMONS. OPPOSITION PARTIES COMBINED TO INFLICT UPON IT A SERIES OF HUMILIATING DEFEATS, AMENDING IMPORTANT LEGISLATION ALMOST AT WILL./ THE NET EFFECT SHOULD BE TO SCOTCH

REVIVED SPECULATION THAT PRIME MINISTER WILSON MIGHT TRY TO HANG ON BEYOND THE AUTUMN. END SUMMARY

1. THE GOVERNMENT HAD A BAD DAY IN THE COMMONS YESTERDAY.

FIRST IT WAS FORCED TO AGREE TO TWO IMPORTANT OPPOSITION AMENDMENTS TO ITS TRADE UNION AND LABOR RELATIONS BILL.

THESE AMENDMENTS HAD BEEN DEFEATED JULY 11 ON TWO TIED

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VOTES BEFORE THE BILL RECEIVED ITS THIRD READING, BUT IT WAS SUBSEQUENTLY DISCOVERED THAT HAROLD LEVER, A SENIOR CABINET MINISTER, HAD BEEN INCORRECTLY COUNTED AS PRESENT AND VOTING WHEN IN FACT HE HAD BEEN ABSENT. PARTY LEADERS, WHIPS, AND OTHERS ARGUED INCONCLUSIVELY FOR FOUR DAYS OVER HOW TO STRAIGHTEN OUT THIS SITUATION.

2. YESTERDAY, AMIDST SCENES OF SINGULAR UPROAR AND CHAOS, THE GOVERNMENT, WITH MAXIMUM ILL-GRACE, FINALLY AGREED TO OPPOSITION DEMANDS THAT THE BILL BE BROUGHT BACK FROM THE LORDS JUST LONG ENOUGH TO HAVE THE AMENDMENTS, BY THE CORRECTED VOTES, INSERTED. THE TWO AMENDMENTS IN QUESTION EXTEND A WORKER'S RIGHTS NOT TO BELONG TO A TRADE UNION, AND PREVENT A LARGE UNION, ENJOYING A CLOSED SHOP AGREEMENT WITH AN EMPLOYER, FROM FORCING OUT A SMALLER UNION. SINCE THE COMMONS WILL HAVE NO FURTHER OPPORTUNITY TO CONSIDER THIS LEGISLATION, THE AMENDMENTS WILL ALMOST CERTAINLY REMAIN IN THE FINAL BILL WHEN IT EMERGES FROM THE LORDS.

3. HAVING TASTED BLOOD ON ONE IMPORTANT PIECE OF LEGISLATION, THE OPPOSITION PARTIES THEN COMBINED TO AMEND, ALMOST AT WILL, THE GOVERNMENT'S FINANCE BILL, I.E., THE LEGISLATION THAT GIVES EFFECT TO THE BUDGET. BY MARGINS RANGING FROM 16 TO 25, THEY CARRIED FOUR SUCCESSIVE MEASURES OPPOSED BY THE GOVERNMENT, A SHOW OF STRENGTH DESCRIBED BY CHANCELLOR OF THE EXCHEQUER HEALEY AS "AN UNPRECEDENTED WRECKING OF A CHANCELLOR'S BUDGET STRATEGY."

4. THE FOUR AMENDMENTS PROVIDE INCREASED TAX RELIEF FOR SMALL BUSINESSES AND ON POOL-BETTING BY SOCIETIES RAISING MONEY FOR CHARITY, AND REMOVE RETROACTIVE VAT ON TV RENTALS AND A PROPOSED SURTAX ON INVESTMENT INCOME BELOW 2,000 POUNDS. CHANCELLOR HEALEY HINTED THAT THE CHANGES MIGHT FORCE HIM TO REVISE HIS MINI-BUDGET DUE TO BE PRESENTED NEXT WEEK.

5. COMMENT: THE NEAR-IMPUNITY WITH WHICH OPPOSITION PARTIES NOW SEEM READY AND ABLE TO RE-WRITE KEY LEGISLATION CALLS INTO SERIOUS QUESTION WHETHER THE GOVERNMENT CAN LONG CONTINUE IN OFFICE. THERE HAS RECENTLY BEEN SOME SPECULATION THAT PRIME MINISTER WILSON MIGHT SEEK TO LIMITED OFFICIAL USE

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DELAY A GENERAL ELECTION UNTIL NEXT SPRING, BUT AFTER YESTERDAY'S DEBACLE, THERE ARE FEW LEFT WHO DOUBT HE WILL BE FORCED TO SEEK A NEW MANDATE NO LATER THAN SEPTEMBER OR OCTOBER.

SOHM

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*** Current Classification *** LIMITED OFFICIAL USE

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